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TWENTIETH CENTURY COMMERCE AND ITS REGULATION

AN ADDRESS

DELIVERED BEFORE THE

OHIO BANKERS ASSOCIATION

AT SANDUSKY, OHIO

JULY 3, 1912

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BANKERS TRUST COMPANY
NEW YORK CITY

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TWENTIETH CENTURY COMMERCE AND ITS REGULATION.

¶ During the last hundred years the world's population has increased close to one thousand millions, or about 140%. During the same period the world's trade has increased about 1800% and it is estimated reached a total of $27,000,000,000 in 1905, of which over 10% represented the foreign trade of the United States. These figures do not include the internal trade of any of the nations. The countries having the largest foreign trade are those in which the great modern conveniences of living abound. Science and Trade have made it possible to feed one thousand million more mouths to-day with greater certainty than the lesser number could be fed 100 years ago. They have reduced the proportion of the population which has to work to produce enough food so that all shall be able to live, and have reduced the number of daily hours of work required of each individual. Of the balance of those who labor many manufacture articles of need, convenience or desire, and others distribute the products of all kinds. Twentieth Century Commerce is adding comfort, ease and luxury to those who live in the fast growing cities and to the rural populations of the world. It is based on great combinations of men and capital which conserve energy, direct it carefully, develop mechanical and scientific genius and store and distribute commodities so that there is stability of labor and of life.

¶ Fairness to all in the development of commerce is seemingly impossible. Human nature and the imperfect judgment of men stand in the way, but the requirements of the multitude ever tend toward betterment, and proper regulation always follows increased power. It must not be forgotten that right action under the conditions of yesterday may be wrong action to-day, that the wonderful commercial machinery of the present has been brought about through the foresight of men who comprehended and risked while others were blind and over cautious, that such individuals while properly having to submit to certain control that developments have now made necessary are none the less benefactors of the nation,

and that they deserve commendation and not condemnation. We must remember that many of the laws controlling them to-day were unnecessary and non-existent yesterday. Laws of anticipation choke a nation's growth, but laws of regulation if based on science and development, and not on envy or prejudice, may add to its strength.

¶ As the population has increased and its density has grown greater, it has become necessary, in order to make it possible to meet the needs of the people, to multiply the division of labor and to increase the size of capital organizations of all kinds. It is only by means of system that speed can be acquired in delivery of goods, and the consumption of our population has become so vast that great efficiency and great speed in handling commodities are necessary in order to prevent starvation. A slight stoppage in the machinery of trade inevitably brings suffering to a part of the population. This has been shown most effectively in England since the strike of the coal miners. The evolution from separate shops to great organizations has been brought about because of necessity.

¶ The desire for profit is one of the moving forces which induces progress. Such desire is uppermost in the thought of every human being. It may not be expressed in an endeavor to get dollars, but instead may show itself in its direct aim for the power that it is supposed dollars will buy. This desire could be exerted if there were not a dollar in the world, but money, which is nothing other than a medium of exchange, has had to bear the ignominy of the selfish desire for profit, when in reality it has nothing to do with it. To some individuals the desire for profit is an anxiety to raise themselves to the detriment of all others. Again, it is represented in the wish to improve the conditions of all people. There is an inherent sense of right imbedded in the human heart, which makes individuals realize that fair profit for all is not only the correct but the better way. If left to itself, the normal human mind would develop naturally along lines which would mean increased satisfaction, with every betterment of condition. On the other hand, when a portion of the people are willing to obtain their profit through a development of

the baser nature of humanity, improvement in individual conditions may breed dissatisfaction and dissension. The man who yesterday was living without most of the modern conveniences has been taught by the portion of our community, who might legitimately be called the mind poisoners, to judge of his present condition, which may be a great advance over his past, not in relation to his own previous mode of living but in relation to that of others who may be better off. On this account the forms of evolution which have bettered the condition of the individual are not appreciated, but are decried, because they have also bettered the condition of other individuals. The old scandal monger of the village, who used to cause such unhappiness to his neighbors, has grown and been consolidated into vast news distributing agencies, which cause the same distrust and dissension among our larger communities that prevailed in the smaller ones. This growth of the mind poisoning trust is something that must be recognized. It is parasitical and feeds upon human errors that will inevitably arise as the needs of humanity are met. It is not contented to allow evolution to proceed in an orderly manner, through the elimination of errors as rapidly as they assume proportions which make it essential for the good of the people, but instead endeavors to tear down the good with the bad, and lives upon the success of its neighbors by appealing to the baser attributes of man.

¶ This development must be recognized and considered before we can fairly judge of the value of the various commercial and business organizations which have made possible our marvelous growth. It has just as important a bearing as the increase in commerce, if we would properly test the efficacy of our modern institutions. Our immediate future growth and success will depend largely upon what proportion of our population is able to consider these two matters fairly and justly. No one can deny the fact that labor to-day is better paid, has shorter hours, and is surrounded by greater comforts and luxuries than ever in the past. It is also true that the prices of some articles are higher, so that the dollars will not buy as much, but after all other reasons for this have been given their due, there still remains the fact that one cause of the higher prices is the consumption of the articles in question by a

larger proportion of the population, which has only become possible because of the better conditions already referred to. That this improvement in condition is true does not mean that we should be satisfied with the present, neither does it mean that we should endeavor to destroy the power which has brought it about. Instead we should study the conditions with an open mind, with the idea of continuing those things which have proved successful and eliminating others which have been found to hamper progress, or which may have been valuable features in the past but that have outgrown their usefulness.

¶ Now going back to the question of our commerce, we find that the increase has been necessary in order that the improved conditions just mentioned may exist. Further, no one will probably deny that if it had not been for the larger manufacturing and distributing agencies that it would have been impossible for our millions of individuals to have obtained the various articles which are common to-day, but which were luxuries yesterday, and that are the inheritance of the multitude. The desire for profit on the part of the big packing companies in the country caused them to hire chemists for the purpose of studying out means to use the various bi-products of animals slaughtered. The result has been a reduction in waste of a tremendous percentage and an increased number of valuable commodities which are common to all.

¶ In the electrical field the power to develop conveniences for the use of humanity has been multiplied, and the years necessary to bring them into general use have been so few that most of the great inventions seem to have happened yesterday, only because of the great electrical manufacturing corporations. The same thing is true in the steel trade, in the railroad business, and in fact in almost every human activity which has tended to improve the condition of man. None of these huge corporations would have been possible if it were not for the banking power which has collected idle funds throughout the country, brought them together and placed them at the disposal of those who have been able to use them for the benefit of all concerned. This concentration of banking capital has moved forward more slowly than that of any other of our

great commercial activities, and whatever our growth may have been, it might have reached a far more advanced position had our banking power been consolidated more rapidly. That it has not done so is because the average human mind has less real knowledge of the uses of credit than of almost any other business. It requires a specialist of long training, or a genius, to properly distribute the credits made from an accumulation of capital. It is for this reason that the ordinary writer or speaker, who has no real conception of credit, can, through his flights of imagination, carry the people with him in his expressed fallacies. The specialist, on the other hand, is looked upon with suspicion, largely because he cannot always be understood, and further, because those who have not been worthy of receiving credit and have been refused by him, either because they have been untrustworthy, or have lacked ability, or have proposed propositions carrying unjustifiable risks, have been disgruntled. It is not generally realized either that the interests of the bankers and the people are indissolubly linked. This does not mean that some men of dishonor may not be found in the banking business any more than that such is true in any other profession, or in any other line of trade. Honorable bankers, however, have done, and are doing everything within their power to curtail the possible operations of the dishonest banker and to keep him out of their midst. Their activities in this line for self-preservation are all that is required in order to have progression in proportion to the understanding of the times. Unfortunately any wrong in the banking business usually becomes a vital wrong before it is corrected, but such is true in everything. Something that may be legitimate and proper in its incipiency may become radically wrong when operations are largely multiplied. This makes an opening for the mind poisoning trust and gives them material upon which to work.

¶ In addition to criticism of this nature is the vicious misrepresentation of the dishonest politician and the misguided criticism of the honorable but ignorant "would be" reformer, whether political or otherwise.

¶ As the assembling of funds by the banker in the small community and the extension of credit

based upon them was found to be beneficial to all, so has the assembling of portions of the funds so collected in greater institutions been valuable to the whole country. The principle is recognized in business and in law that a proper ratio must exist between the total capital of any banking institution and the amount of credit which it may extend to any individual borrower. Banks of large capital and deposits have been able to make loans of large amounts, which have been conservative and fair to those whose money they are investing, because they are in proper proportion to their resources. These loans have enabled our huge industries to give employment to millions of our people and provide all with comforts and conveniences of life not otherwise possible. If we would continue our progress, there is no question but that we shall have to have a greater consolidation of banking capital than exists to-day. We are behind practically all of the other civilized countries of the globe in this respect in proportion to our business, and it is partly on this account that the bulk of our foreign trade is financed by European bankers. A part of the fear which has been impressed upon the people lies in the question of control of capital. No one can doubt for a moment that control in the hands of men who have been trained in the banking business, and whose reputation and living depend upon their meeting successfully the problems which come up before them, affords greater security to the people than if capital were subject to any other body of men in existence. Under our development at the present time, the protection of the people lies not alone in the ability and natural desire of those in control to run their business along proper lines, but as well because each individual interested, while co-operating with the whole for better conditions, is working for his own profit. The bankers of the United States have been coming closer and closer together as it has seemed necessary. While the managers of these institutions consult with each other and have the most friendly relations in everything that has to do with safety in business, yet after this point has been reached, they compete for their own institutions with all their energy. The bankers in the central reserve and reserve cities have extended the uses of their Clearing House Associations, where it has been thought that concerted

action would increase efficiency and safety, but individual banks have still been able to compete for business in every legitimate way. As our banking capital has not been able to keep pace in its consolidation with the business requirements of the country, it has been necessary for those desiring to obtain funds in large amounts for the purpose of advancing different lines of business to depend upon a series of separate banking institutions. In dealing with each other in this manner, the managers of banks have become better acquainted, have learned where they could put their trust, and have been able to meet the needs of our rapidly growing country. The idea of a so-called "money trust" lies in the knowledge that the managers of the principal banks of our country have become personally acquainted with each other, and can deal intelligently and safely with one another. The danger from such a trust is considered to lie largely in the fear that because of such acquaintanceship only the proposed operations of friends can be financed. It is said that because of the consultations concerning the credit of various projects that injustice may be done. Any proposition which is unsafe for one able banker, who has investigated it carefully and found it wanting, is unsafe for every other banker. It must be true, therefore, that the depositor's money is better protected through such inter-communication, and that the general public will have fewer bad propositions offered it. If all of these men were strangers to each other and could not depend upon information received, when they were investigating the standing of some concern with whose operations or history they were not personally familiar, those who are objecting to the so-called "money trust" would apparently be satisfied. Just as soon, however, as these men, through the carrying out of transactions, became acquainted and began to have confidence in each other, then another money trust would be formed. When it is considered that the communities of interest which have been formed are based upon right principles, and that their action serves to protect bank depositors, and that they are able to carry on their transactions conservatively, because their representatives are men of ability and known honor, it should be called the "integrity trust" in opposition to the "mind poisoning trust." It has been contended that because of the integrity trust, no one not

among the elect can obtain money to finance any project, if it so happens that the proposition would compete with some already established business which was controlled by the interests represented among the bankers. For instance, the statement was made that if anyone wished to build a railroad paralleling the Atchison that he could not obtain the money to do so. There is no doubt but that should such a road be suggested, the promoter would be required to prove to the satisfaction of those who might be called upon to advance the funds that there was need for such a railroad line, and that it could make money. If this could be done, there is no question but that the money could be found to build the railroad. The public would certainly have nothing to gain if a new road were established to parallel the Atchison, which would not make money, or if it did, which would bankrupt the Atchison. In other words, if there were not enough business for both roads to make money, it would be bad for all concerned to have the second road built. There is enough capital in the United States, and it is held in enough different channels, so that every legitimate project which is for the good of the people can be carried out, but where the risks involved are abnormal it will, of course, be necessary to obtain the funds from some one who is willing to take an abnormal chance. On the other hand, when men of inexperience and of no known ability, or men who are unwilling to put their own money into a proposition, attempt to raise money for any new scheme, there is no doubt but that they would have great difficulty in doing so among the bankers whose names back of the project would be apt to induce the people to invest. Occasionally such bankers may make a mistake, but their average judgment as to the successful operation of schemes which are brought to them is so high that the public knows that it is safe to invest in securities backed by the honorable bankers of the country. Conservative people who are not attracted by get-rich-quick concerns are making such investments daily, and have been doing so for years to their entire satisfaction.

¶ Recognizing all of these conditions that surround the development of our commerce, the question is how can we best continue to allow the development which is necessary in order to

meet the requirements of a rapidly growing population and still have the individual condition of our people continue to improve.

¶ The introduction of politics into business is always attended with serious re-actions, which inevitably bring suffering to the poorer classes. Business of any kind when subjected to legislative investigations, carried on as they must be because of the way in which they are brought about, is apt to be seriously injured. It does not matter whether a congressional investigation is put into the hands of a conservative committee or is handled by some individual who has offered a resolution calling the committee into existence, it usually develops into a mere muckraking proceeding. Human nature, which is just as virulent in Congress as out of Congress, demands that it should be so. When a man in order to bring himself before the public offers a resolution which results in the creation of a committee, of which he is the head, to investigate some condition which he thinks would be of value to him before the people to have shown up, his every energy is naturally turned toward proving that his case is a good one and that he was justified in calling forth the investigation. Instead, therefore, of the business which is under investigation having an impartial judge protecting its interests while it is under fire, it is obliged not only to prove its case but to down prejudice against it, and then what is still more difficult, to obtain a verdict from a self-constituted judge which is absolutely opposed to his own interests, and which contradicts public statements previously made by him. The result is that all those who may have been driven out of the particular business, whether through their own dishonesty, inability or otherwise, are called upon or allowed to testify, and their statements are given the greatest credence. Many of these investigations are aimed to bring out information concerning something which may have happened a number of years previous. Then the whole proposition comes down to a memory test and things are asked of men which are impossible. For instance in considering the conditions which developed in the panic of 1907, no man can by any mental jugglery put himself in the exact condition of mind which he held at a particular moment at that time. He cannot differentiate between that

which he knew before the particular moment in question and that which he has found out since. The result is that when men are put upon the stand and asked to explain certain actions, it is a human impossibility for them to do so with positiveness. They cannot tell whether certain events which had developed at the period in question or soon after were known to them or anticipated by them when they reached the decision which resulted in the action that is under investigation. It is equally impossible for the man who is opposed to such a witness to state his position at the time under consideration, whether he honorably wishes to do so or not. Of course it is to the interest of one party to uphold his own action and the other to decry it. In neither case, however, can any fair judgment be arrived at as to whether the parties acted honorably and properly at the time. Whether subsequent events showed that some action was ill advised and should not have been taken has no bearing whatever upon the question of motive which may have induced the decision. In times of panic men of power act, and it is fortunate for the people that they do so. Even if later it appeared as though some other action than that taken might have worked out better, yet there is no way of proving it, for the course of events would have been changed and more serious results might have been encountered. While it is proper and right that all of the conditions surrounding a given panic be studied, yet a general airing of men's memories as to their sequence of thought at the time only leads to chaos and makes it impossible for those who read the evidence to get any real idea of anything which occurred. The result can only be injustice, and should a similar serious situation develop in the same generation, it would add another element of doubt and fear as to what to do on the part of those who were obliged to meet the brunt of the difficulty.

¶ Again, when a matter has been given to a special committee to investigate, while the chances of fairness are somewhat greater yet prejudice may easily develop. When the members of the committee meet with opposition in obtaining facts which they may think pertinent to the inquiry, but which may be unfair to bring out, it is only natural that they should try and bring pressure to bear in order to uphold their dignity

and prove that they were right in asking for the information. The committee, therefore, gradually sides over against those whose actions they are looking into. This is the easier way to do also, because it is generally supposed that a verdict against the business interests will be more popular.

¶ Investigations of a certain kind are valuable to Congress in helping it draft legislation, but they should be carried on in a most careful manner, without sensationalism of any kind. The public in the meantime should be able to go on in the even tenor of its way, and business should not be kept in a constant turmoil of excitement and uncertainty.

¶ While publicity is the cry of the day and is proper in so far as facts are concerned, yet the encouragement of the unsuccessful and discontented to force themselves into the public eye to recite their tales of woe is a real menace.

¶ Again, the employment of lawyers to handle congressional investigations, who are skilled in winning cases through their sharpness in befuddling witnesses, is another serious abuse of the rights of the people. It is unfair to place business men on the stand before the general public and subject them to such treatment. When giving testimony they are always obliged to consider carefully what information it is fair and right for them to give. Much that has a bearing on private interests that they are bound to protect is valueless as far as the question of new legislation is concerned, but such matters are forced from them if possible. An inquisitive attorney trying to make a name for himself instead of allowing the man on the stand to think intelligently and give the facts which would be of value to Congress, watches him like a hawk, and the minute he hesitates for any reason jumps at the conclusion that he is trying to cover up some rare morsel of scandal. The witness is then heckled and browbeaten in an effort to find out what caused the hesitation. He is at all times on the defensive and must of necessity be so, for he is usually prejudged and found guilty and knows it. Commerce should not be regulated through any such means.

¶ High cost of living waters the seeds of discontent and encourages legislative investigations and indiscriminate criticism, but every individual who is endeavoring to improve his own position is living in the same glass house and is equally responsible for his share of the seeming trouble. Increase in prices is repugnant to everyone, in so far as it has to do with the things which he purchases. On the other hand, no man nor set of men stops to consider this matter in connection with anything that they may be personally depending upon for their livelihood. The business man while objecting to high prices on the commodities which he buys for his home, strives to make himself better able to purchase by getting more out of his own line. Whenever he endeavors to do this through the obtaining of greater efficiency in production or distribution, it works to the advantage of all concerned, but where it goes into increase cost of the article in which he is interested, it means higher prices for some one else to pay on this particular commodity. When the men in a labor union feel the effect of the higher prices of things in general they strike for higher wages; in order to meet them, and demand all that they can get without regard to whether it forces up the price of the article they are helping to manufacture. All this is perfectly natural but leads to the conclusion that regulation of our commerce, which is in reality the regulation of the means which makes our commerce possible, should not be based on the action of men as individuals but upon the systems under which they work, and that the intent should be not to disrupt this, that and the other branch of business, but to bring them all in proper relation to each other. The farmers want high prices for wheat, corn, cattle, cotton and other commodities which they raise, and low prices for the same and other articles in a manufactured state. The manufacturing interests wish the opposite condition to prevail, and this of course includes the majority of our laboring population. The mind poisoning trust plays one against the other with satisfaction only to itself. This then is the first great trust which should be investigated, for it is at the bottom of most of the discontent existing in the world to-day. As the masses have come out from under the cloud of ignorance in which they have been enveloped, they have been led by this great octopus. Their

eyes have been opened more by falsehood than by truth, but as their education progresses and they begin to see the tremendous price which they are forced to pay through the constant turmoil of business brought about by their acceptance of vicious teachings, the conditions are going to improve and regulation will go forward in a more scientific and unbiased manner. It is needful, therefore, if we would take the premier position in the development of commerce with its resultant benefits to our people, that our lawmakers begin the study of the system of the mind poisoning trust immediately, with a view of bringing about its dissolution.

¶ Investigation of this trust should not be made a personal matter any more than in the case of any other. It is more the system itself that is at fault than the men who are in it, and the system is the result of the ignorance and action of the people themselves. The individuals represented by the reporters, editors, writers, public speakers and others have been working under a pressure of public demand, and they have often been led on through necessity to do things entirely foreign to their wishes. Constant repetition of dishonest writing and speaking leads to self-hypnotism, and the wrong is forgotten in striving for a livelihood. The system, therefore, should be changed in such manner as to make it dangerous for that portion of the population which gives up its life to writing and speaking to knowingly or even carelessly distort the truth in order to play upon the human passions. If the work is undertaken in a scientific manner without permitting any personalities to enter into it, there is no doubt but that the majority of those who are now servants of the system would be glad to do their utmost to put their life work upon an honorable basis.

¶ This is undoubtedly the most difficult of the problems which the world faces to-day, for the right of free speech must be protected and at the same time license must be prohibited. It is a problem worthy of the best efforts of our law makers, and if satisfactorily solved they would be among the principal gainers. It would leave them more free to act as their best judgment dictated for the benefit of the country which they are chosen to govern, and would make the carrying out honorably of their oath of office a pleas-

ure instead of a hardship. It would serve as well to simplify the regulation of all other public interests, and would be the first great step toward the real enlightenment of our people and would lead inevitably toward contentment and happiness. This then is our one great problem which needs solving above all others. Business men of themselves, for their own profit and protection, are constantly improving the conditions under which commerce is carried on. As soon as a wrong method of conducting business develops to the point where it becomes a menace, the customs of business change to meet it and the public is protected before legislation is undertaken. The commerce of the future is going to follow the lines of least resistence and is going to change as time goes on, until every country produces that which it is best able to produce, taking into consideration its natural resources and the mental development of its people. Every line of business is constantly working toward a condition where it may be carried on at a minimum, natural expense. This phenomenon may be noted in the thousands of removals and liquidations of factories. In some cases where a town has been built up entirely on the production of some one commodity, something different has taken its place when it has developed that the article which it manufactured could be more cheaply made elsewhere. This is one of the evidences of evolution in business, and exactly as it is true in a small way in the case of towns and cities in the same country, so it is true between the different countries of the world. A time is surely coming when certain kinds of wasteful competition will be practically eliminated and will be reflected in a world's trade of tremendous proportions. Its regulation will be more confined to the natural laws governing production and distribution than by man made laws, the majority of which will become obsolete when man has learned to properly control public utterance of all kinds. The world's trade will then represent a fair exchange of commodities and their greatest possible distribution among the peoples of the earth, and we in the United States of America, with our diversified resources and composite mentality, should lead all the nations in the march toward prosperity and commercial peace.

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